

Heron Lake
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BUSINESS SUBSIDY POLICY

ESTABLISHING A BUSINESS SUBSIDY POLICY FOR TRADITIONAL BUSINESS SUBSIDY

And

JOBZ BUSINESS SUBSIDY DEVELOPMENTS

RESOLVED by the City Council of the City of Heron Lake it shall adopt the following **Business Subsidy Policy and Criteria:**

Preamble. Whenever the City of Heron Lake invests public funds or agrees to voluntarily forfeit tax or other revenue that benefit private development projects, those projects should create the greatest number of FTE jobs that pay a living wage possible for the residents of the City and the surrounding region. City policy makers and economic development agents must keep the critical need for living wage FTE jobs the priority whenever public dollars are invested in a private business or development project.

Business Subsidy Public Purpose. The public purposes of this policy shall be to accomplish the following on behalf of the City of Heron Lake:

1. Enhance economic growth in this area
2. Create high quality job growth in this area
3. Retain high quality jobs in this area
4. Stabilize the community

This policy is adopted in compliance with M.S. 9 116J.994 Subd. 2. A copy of the policy shall be submitted to the Department of Employment and Economic Development along with the first annual Business Subsidy report.

Principles of Business Subsidy Implementation. The City shall target its business subsidy assistance to businesses that demonstrate a clear and ongoing commitment to the community by providing living wage jobs to their employees and to City residents, where applicable, by giving priority to those businesses over businesses that have not traditionally paid living wages.

The City shall focus its business subsidy assistance only to businesses which agree to comply with annual business subsidy reporting requirements as required by Job Opportunity Building Zone (JOBZ) statute M.S. 99 469.310 - 469.320; and/or as required by the Business Subsidy statute M.S. 99 116J.993 - 116J.995.

The City agrees to require that a qualified business shall not to compete with or displace local businesses currently operating within the subzone community.

Any business seeking to participate in this program shall complete all of the following steps:

1. Enter into a Business Subsidy Agreement with the Sub-zone Administrator.
2. Fill out JOBZ Survey and submit to Sub-zone Administrator to forward to the State.
3. If the business is relocating from another Minnesota Community, enter into a Relocation Agreement with the State.
4. Submit proper forms to the Department of Revenue to claim appropriate tax exemptions.
5. Provide information to Sub-zone Administrator for completion of the Minnesota Business Assistance Form (annual business subsidy report)

Following submission of this information, the City shall calculate the estimated annual benefit to be derived by the business seeking assistance. The estimate of benefits shall include real estate tax savings, sales tax savings and state income tax savings. If the JOBZ benefits are to be provided, the City shall conduct a public hearing and may authorize execution of a binding development agreement with the business.

The minimum requirement for consideration of inclusion in the JOBZ program is:

1. The creation of one (1) new full-time employment position
2. At the base wage of at least \$9.73 per hour

If approved for participation, the business may receive benefits for the duration of the program (through December 31, 2015).

While this stated policy and criteria set the minimum standards for participation, the City Council will evaluate each request based upon the unique factors that result in overall economic benefits to the community. Meeting the minimum requirements does not guarantee approval for participation!

Other impacts that the City Council may consider in trying to determine/evaluate overall economic benefit of a specific project to the community include:

- Estimate of total job creation/job retention
- Estimate of total capital investment
- Estimated market value increase
- Potential economic multiplier (e.g. impact/opportunity to increase sales of other businesses within the community)
- Ratio of jobs created/retained to estimated subsidy provided
- Ratio of subsidy provided to the private investment leverage

Whenever participation in the JOBZ program is granted the City Council shall document ability of the business to meet the minimum criteria and articulate the other anticipated overall economic benefits to the community. The City may require that the qualified business agree to and commit to pay administrative costs for initial review and participation in the program as well as annual fees for monitoring and reporting as required by statute. The amount of these fees will be determined based upon the complexity of the project and corresponding requirements for administrative services.

Adopted by: City Council of Heron Lake, Minnesota

Date of Adoption: March 1 ~~2004~~ 2005

Judy Haberman
Clerk/Treasurer